

Message Text

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PAGE 01 EC BRU 03267 020802Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-04 TRSE-00
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LIMITED OFFICIAL USE EC BRUSSELS 3267

E.O. 11652: N/A
TAGS: EGEN ETRD EAID EEC
SUBJECT: EC COMMISSION PROPOSALS TO ESTABLISH A WORLDWIDE STABEX
SYSTEM

REF: (A) EC BRUSSELS A-114, (B) EC BRUSSELS 3227

1. THE EUROPEAN COMMISSION ADOPTED, AT ITS MARCH 30 MEETING,
A COMMUNICATION TO THE EC COUNCIL ON A WORLDWIDE STABEX
SYSTEM FOR RAW MATERIAL EXPORTS OF PRIMARY PRODUCT PRODUCERS.
THE COMMISSION HOPES TO PRESENT ITS PROPOSAL AT
THE MAY 30 CIEC MINISTERIAL, BUT FIRST MUST GET COUNCIL
APPROVAL AT APRIL 5 FOREIGN MINISTERS COUNCIL. COMMISSION
SOURCES ARE PRIVATELY SKEPTICAL THAT SUCH APPROVAL WILL BE
FORTHCOMING, BUT HOPE THAT THE PROPOSAL MAY BE ACCEPTED AS PART OF
A CIEC PACKAGE DEAL. THE UK AND ITALY, FOR OBVIOUS
FINANCIAL REASONS, REMAIN OPPOSED TO SUCH A SCHEME; WHILE
ONLY THE FRG AND DENMARK WILL BE PUSHING STRONGLY. FRANCE
REPORTEDLY COULD SWALLOW THE PROPOSAL IN RETURN FOR SUPPORT
ON OTHER ELEMENTS OF THE CIEC PACKAGE. COMMISSION
SOURCES ANTICIPATE THAT THE MOST LIKELY OUTCOME OF
TUESDAY'S COUNCIL WILL BE A BLESSING FOR THE GENERAL
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STABEX IDEA COUPLED WITH INSTRUCTIONS TO THE
COMMISSION TO GO INTO MORE DETAIL IN ITS PROPOSAL.

2. THE PROPOSED SYSTEM DIFFERS SIGNIFICANTLY
IN PARTICULARS FROM THE FRG PROPOSAL THAT WAS DISCUSS-
ED AMONG MEMBER STATES IN MID-MARCH (REF B). THE
SCHEME WOULD BE CONFINED TO THOSE COUNTRIES WHERE

ANNUAL PER CAPITA GNP DOES NOT EXCEED \$360, I.E.,
THOSE COUNTRIES BENEFITING FROM IMF TRUST FUND OPERA-
TIONS. BUT THE FRG REPORTEDLY FAVORS THE STABEX
IDEA GENERALLY AND IS NOT WEDDED TO POSITIONS PUT
FOREWARD IN REF B.

3. THE LIST OF PRODUCTS COVERED WILL EXTEND TO AGRI-
CULTURAL PRODUCTS WHERE COUNTRIES CONCERNED HAVE OVER
10 PERCENT OF EXPORTS IN AGRICULTURAL PRODUCTS, BUT
WOULD ALSO INCLUDE COPPER, IRON-ORE, BAUXITE, AND TIN.

4. IN THE COMMUNICATION TO THE COUNCIL (TEXT BEING
POUCHED TO EUR - MCLEAN, E.B. WENDT), THE COMMISSION
POINTS OUT THAT THE STABEX PLAN IS INTENDED TO
SUPPLEMENT OTHER AID SCHEMES INCLUDING THE LOME STABEX.

5. THE COMMISSION HAS LEFT OPEN THE QUESTION OF
WHETHER COMPENSATION SHOULD BE ON A PRODUCT-BY-PRODUCT
BASIS OR ON A BASKET COUNTRY-BY-COUNTRY BASIS. IN A
PRESS CONFERENCE ANNOUNCING THE COMMISSION'S APPROVAL
OF THE COMMUNICATION, EC COMMISSIONER FOR DEVELOPMENT
AFFAIRS CHEYSSON, SAID THAT THE COUNTRY-BY-COUNTRY
APPROACH WOULD BE EASIER TO INCORPORATE WITH IMF FUNDS
BUT WOULD MAKE THE RELATIONSHIP WITH LOME STABEX FUNDS
MORE COMPLICATED.

6. CHEYSSON ALSO CALLED FOR PARTICIPATION IN THE
SCHEME BY OIL-PRODUCING AND EASTERN BLOC COUNTRIES.
HE POINTED OUT THAT THE FIRST GROUP HAS GENERALLY
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PARTICIPATED IN MECHANISMS TO AID THE POOREST
COUNTRIES WHILE THE WEST SHOULD HAVE INSISTED THAT
THE NORTH-SOUTH DIALOGUE INCLUDE THE EASTERN
COUNTRIES. CHEYSSON SAID THAT ALL COUNTRIES WHICH
ARE CAPABLE OF DOING SO SHOULD PARTICIPATE IN THE
WORLD STABEX. HINTON

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Sent Date: 01-Apr-1977 12:00:00 am
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Disposition Approved on Date:
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